

**GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
SUPPLEMENTAL LEASE AGREEMENT**

**SUPPLEMENTAL
AGREEMENT No. 2**

DATE
8/22/06

TO LEASE NO. **GS-09B-01417**

ADDRESS OF PREMISES: Paseo Nuevo, 355 Paseo Nuevo, Santa Barbara, California 93101

THIS AGREEMENT, made and entered into this date by and between

I&G Direct Real Estate 3, L.P., a Delaware limited partnership
whose address is: c/o Madison Marquette Retail Services, Inc.
651 Paseo Nuevo
Santa Barbara, California 93101

hereinafter called the **Lessor** and the UNITED STATES OF AMERICA, hereinafter called the **Government**:

WHEREAS, the parties hereto desire to amend the above Lease. NOW THEREFORE, these parties for the consideration hereinafter mentioned covenant and agree that the said Lease is amended, effective December 15, 2005, as follows:

Supplemental Lease Agreement (SLA) No. 2 is issued to execute beneficial occupancy and reflect the following lease contract modifications:

- a) amend the annual rent during the term of the contract,
- b) provide the approved cost of tenant improvements
- c) authenticate the actual lease effective date and
- d) approve seven (7) individual change orders.
- e) Correct total square footage occupied by the Government

Therefore, Standard Form 2, paragraphs 1, 3, 9 and 12 are hereby deleted in their entirety and the following paragraphs 1, 3, 9 and 12 are substituted in lieu thereof. Paragraphs 19 and 20 are added as part of Supplemental Lease Agreement (SLA) No. 2 to GSA Lease No. GS-09B-01417.

"1. The Lessor hereby leases to the Government the following described premises:

A total of 7,785 BOMA rentable square feet, yielding a maximum of 7,785 BOMA usable square feet of office, storage and related space and one on-site reserved parking space at Paseo Nuevo, 651 Paseo Nuevo, Santa Barbara, California 93101-3391.


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IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

LESSOR: I&G Direct Real Estate 3, L.P., a Delaware limited partnership

BY  (Signature)

VP
(Title/Member/General Partner)

IN THE PRESENCE OF  (Signature)

Associate
(Title/Member/General Partner)

UNITED STATES OF AMERICA: **GENERAL SERVICES ADMINISTRATION**

BY  (Signature)
Pedro Zepeda

CONTRACTING OFFICER
(Title)

"3. A. The Government shall pay the Lessor annual rent for years 1 - 8 at the rate of \$426,150.90 or \$35,512.58 per month (\$54.74 per rentable sq. ft. X 7,785 rentable sq. ft.). Rent components are as follows:

Shell rent component:	(b) (4)	per rentable sq. ft / per BOMA office sq. ft.
Operating cost component:	(b) (4)	per rentable sq. ft / per BOMA office sq. ft.
Real Estate tax component:	(b) (4)	per rentable sq. ft / per BOMA office sq. ft.
Tenant improvement component:	(b) (4)	per rentable sq. ft / per BOMA Office sq. ft.
Total rentable sq. ft. rate:	\$54.74	per rentable sq. ft / per BOMA Office sq. ft.

(Total tenant improvement costs: The negotiated amount of (b) (4) has been approved by the Government. The tenant improvements will be amortized at the rate of (b) (4) for eight (8) years = (b) (4) annually or (b) (4) per month or (b) (4) per rentable sq. ft / per BOMA Office sq. ft.)

3B. The Government shall pay the Lessor annual rent for years 9-10 at the rate of \$379,207.35 or \$31,600.61 per month (\$48.71 per rentable sq. ft. X 7,785 rentable sq. ft.). Rent components are as follows:

Shell rent component:	(b) (4)	per rentable sq. ft / per BOMA office sq. ft.
Operating cost component:	(b) (4)	per rentable sq. ft / per BOMA office sq. ft.
Real Estate tax component:	(b) (4)	per rentable sq. ft / per BOMA office sq. ft.
Tenant improvement component:	(b) (4)	per rentable sq. ft / per BOMA Office sq. ft.
Total rentable sq. ft. rate:	\$48.71	per rentable sq. ft / per BOMA Office sq. ft.

C. Rent shall be payable in arrears. Rent for a period of less than one month shall be prorated. Rent will be paid electronically.

D. Rent payments shall be made payable to: Paseo Nuevo, I&G Direct Real estate 3, L.P., P.O. Box 70003, Los Angeles, California 90074-0003.

E. The premises described in Paragraph 1 of this Standard Form 2 will be measured upon delivery of the Government's leased space. Stated rental rates shall be adjusted accordingly."

"9. TERM: TO HAVE AND TO HOLD, for the term commencing on December 15, 2005 and continuing through December 14, 2015. The Government may terminate this lease at any time on or after December 14, 2013, by giving at least 90 days notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the date of mailing."

LESSOR: (b)(6) - Erik L. Grabowski, Vice President L.P., a Delaware limited partnership	
BY _____ IN THE PRESENCE OF _____ Name: (b) (6)	(b) (6) VP (Signature) (Title/Member/General Partner) Associate (Signature) (Title/Member/General Partner)
UNITED STATES OF AMERICA: GENERAL SERVICES ADMINISTRATION	
BY (b) (6) Pedro Zepeda	CONTRACTING OFFICER (Signature) (Title)

"12. Pursuant to Paragraph 3.4 of the Solicitation for offers No. GS-09B-01417 "Tax Adjustment", for purpose of tax escalation, the Government occupies 7,785 net rentable square feet in a building with a total of 12,074 rentable square feet which equals 64.47% of the building being occupied by the Government."

"19. Tenant improvements expenses in the amount of (b) (4) have been approved per the J.M. Stitt Construction, Inc. September 1, 2005 proposal and further clarified by Sandra Sigman's January 26,2006 correspondence, which is summarized as follows:

tenant improvement hard construction costs
profit and overhead on hard costs
soft costs
profit and overhead on soft costs
Tenant Improvement Total

(b) (4)

"20. Supplemental Lease Agreement (SLA) No. 2 is issued to document and authorize various change orders related to the buildout of the leased premises

(b) (4)

The Government and Lessor have agreed the cost of this change order will be \$0.00 to the Government.

All other terms and conditions of the lease shall remain in force and effect.

LESSOR: (b)(6) - Erik L. Grabowski, Vice President a Delaware limited partnership

BY _____
IN THE PRESENCE OF _____
Name _____
(b) (6)
(Signature)

VP

(Title/Member/General Partner)
Associate

(Title/Member/General Partner)

UNITED STATES OF AMERICA: GENERAL SERVICES ADMINISTRATION

BY (b) (6)
Pedro Zapeda
(Signature)

CONTRACTING OFFICER

(Title)